

"(3) In the case of a failure under section 9803 (relating to guaranteed renewability) with respect to a plan described

in subsection (b)(2)(B), the plan

"(f) DEFINITIONS.—For purposes of this section—

"(1) GROUP HEALTH PLAN.—The term "group health plan" has the meaning given such term by section 9805(a)

"(2) SPECIFIED MULTIPLE EMPLOYER HEALTH PLAN.—The

term "specified multiple employer health plan" means a group health plan which is—

"(A) any multiemployer plan, or

"(B) any multiple employer welfare arrangement (as defined in section 3(40) of the Employee Retirement Income Security Act of 1974, as in effect on the date of the enactment of this section).

"(3) CORRECTION.—A failure of a group health plan shall be treated as corrected if—

"(A) such failure is retroactively undone to the extent possible and

"(B) the person to whom the failure relates is placed in a financial position which is as good as such person would have been in had such failure not occurred."

(b) CLERICAL AMENDMENT.—The table of sections for chapter 43 of such Code is amended by adding after the item relating to section 4980C the following new item:

"Sec. 4980D. Failure to meet certain group health plan requirements."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures under chapter 100 of the Internal Revenue

Code of 1986 (as added by section 401 of this Act).

## Subtitle B—Clarification of Certain Continuation Coverage Requirements

### SEC. 421. COBRA CLARIFICATIONS.

(a) PUBLIC HEALTH SERVICE ACT.—

(1) PERIOD OF COVERAGE.—Section 2202(2) of the Public Health Service Act (42 U.S.C. 300bb-2(2)) is amended—

(A) in subparagraph (A)—

(i) by transferring the sentence immediately preceding clause (iv) so as to appear immediately following such clause (iv); and

(ii) in the last sentence (as so transferred)—

(I) by striking "an individual" and inserting "a qualified beneficiary";

(2) by striking "at the time of a qualifying event described in section 2203(2)" and inserting "at any time during the first 60 days of continuation coverage under this title";

(3) by striking "with respect to such event";

and

(4) by inserting "(with respect to all qualified beneficiaries" after "29 months";

(B) in subparagraph (D)(i), by inserting before "or" the following: "(other than such an exclusion or limitation which does not apply to (or is satisfied by) such beneficiary

by reason of chapter 100 of the Internal Revenue Code